

MEADE SCHOOL DISTRICT NO. 46-1

AUDIT REPORT

JUNE 30, 2012

MEADE SCHOOL DISTRICT NO. 46-1
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Gary L. Larson, CPA

900 Winchester Drive
Pierre, SD 57501
(605) 940-1284
glarsoncpa@pie.midco.net

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

School Board
Meade School District No. 46-1
Meade County, South Dakota

I have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Meade School District No. 46-1, Meade County, South Dakota, as of and for the fiscal year ended June 30, 2012 which collectively comprise Meade School District's financial statements, and have issued my report thereon dated November 2, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Meade School District's internal control over financial reporting a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

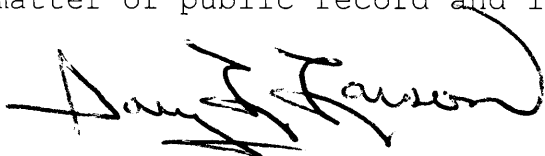
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the Schedule of Current Audit Findings and Questioned Costs as item number 2012-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meade School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Meade School District's response to the findings identified in my audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. I did not audit the School District's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the South Dakota Legislature, federal awarding agencies and pass-through entities, state granting agencies, the governing board and management of Meade School District No. 46-1 and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 Section .320(a), this report is a matter of public record and its distribution is not limited.



November 2, 2012

Gary L. Larson, CPA

900 Winchester Drive
Pierre, SD 57501
(605) 940-1284
glarsoncpa@pie.midco.net

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

School Board
Meade School District No. 46-1
Meade County, South Dakota

Compliance:

I have audited Meade School District's compliance with types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Meade School District's major federal programs for the fiscal year ended June 30, 2012. Meade School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Meade School District's management. My responsibility is to express an opinion on Meade School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meade School District's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Meade School District's compliance with those requirements.

In my opinion, Meade School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

The management of Meade School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Meade School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the School District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2012-02 to be a material weakness.

The Meade School District's responses to the findings identified in my audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. I did not audit the School District's response and, accordingly, I express no opinion on the responses.

This report is intended for the information and use of management, the School board, others within the entity, the South Dakota Legislature, state granting agencies, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 Section .320(a), this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "David J. Larson". The signature is fluid and cursive, with a large, sweeping loop at the end.

November 2, 2012

Gary L. Larson, CPA

900 Winchester Drive
Pierre, SD 57501
(605) 940-1284
glarsoncpa@pie.midco.net

INDEPENDENT AUDITOR'S REPORT

School Board
Meade School District No. 46-1
Meade County, South Dakota

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Meade School District No. 46-1, Meade County, South Dakota, as of June 30, 2012, and for the fiscal year then ended, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Meade School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, I do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Meade School District No. 46-1 as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated November 2, 2012 on my consideration of Meade School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules on pages 58 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit Organizations is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "David J. Larson". The signature is fluid and cursive, with a long horizontal line extending from the left side.

November 2, 2012

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$10,536,779	\$210,457	\$10,747,236
Taxes receivable	6,815,400	0	6,815,400
Other receivables	344,925	3,996	348,921
Inventories	11,420	29,596	41,016
Deferred charges	395,218	0	395,218
Restricted cash	594,536	0	594,536
Capital Assets:			
Land	415,555	0	415,555
Other capital assets, net of depreciation	35,464,357	431,000	35,895,357
TOTAL ASSETS	\$54,578,190	\$675,049	\$55,253,239
LIABILITIES:			
Accounts payable	99,535	2,716	\$102,251
Other current liabilities	2,129,864	11,824	2,141,688
Deferred revenue	6,412,334	0	6,412,334
Noncurrent Liabilities:			
Due within one year	1,505,976	5,773	1,511,749
Due in more than one year	21,624,473	5,772	21,630,245
TOTAL LIABILITIES	31,772,182	26,085	31,798,267
NET ASSETS:			
Invested in capital assets, net of related debt	14,274,912	431,000	14,705,912
Restricted For:			0
Capital outlay	2,071,468	0	2,071,468
Special education	422,084	0	422,084
Pension	771,793	0	771,793
Debt service	594,536	0	594,536
Unrestricted	4,671,215	217,964	4,889,179
TOTAL NET ASSETS	22,806,008	648,964	23,454,972
TOTAL LIABILITIES AND NET ASSETS	\$54,578,190	\$675,049	\$55,253,239

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	PROGRAM REVENUES	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$10,882,108	\$8,825	\$1,883,522
Support services	5,857,363	145,169	0
Community services	29,531	40,984	0
Nonprogrammed charges	537,369	0	0
Interest on long-term debt*	1,047,730	0	350,389
Cocurricular activities	576,657	49,548	0
Total Governmental Activities	18,930,758	244,526	2,233,911
Business-type Activities:			
Food service	1,156,044	610,103	507,830
Concession services	48,763	51,736	0
Total Business-type activities	1,204,807	661,839	507,830
TOTAL	\$20,135,565	\$906,365	\$2,741,741

* The District does not have interest expense related to the functions presented above. This amount represents indirect interest expense on general long-term debt.

GENERAL REVENUES:

Property taxes
Gross receipts tax
State aid
Revenue from federal sources
Unrestricted investment earnings
Other general revenues
TRANSFERS-IN (OUT)
Total general revenues and transfers

Change in net assets

Net Assets-beginning,

NET ASSETS-ending

The accompanying notes to financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

Governmental Activities	Business-type Activities	Total
(\$8,989,761)	\$0	(\$8,989,761)
(5,712,194)	0	(5,712,194)
11,453	0	11,453
(537,369)	0	(537,369)
(697,341)	0	(697,341)
(527,109)	0	(527,109)
(16,452,321)	0	(16,452,321)
0	(38,111)	(38,111)
0	2,973	2,973
0	(35,138)	(35,138)
(16,452,321)	(35,138)	(16,487,459)
12,651,009	0	12,651,009
450,035	0	450,035
5,389,483	0	5,389,483
163,273	0	163,273
37,102	200	37,302
570,683	0	570,683
(177,048)	177,048	0
19,084,537	177,248	19,261,785
2,632,216	142,110	2,774,326
20,173,792	506,854	20,680,646
\$22,806,008	\$648,964	\$23,454,972

MEADE SCHOOL DISTRICT NO. 46-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Capital Outlay Fund	Special Education Fund
ASSETS:			
Cash and cash equivalents	\$7,235,748	\$1,977,070	\$561,671
Taxes receivable-current	3,239,898	2,027,322	942,354
Taxes receivable-delinquent	241,768	105,524	46,271
Due from other governments	214,939	0	129,986
Inventory of supplies	11,420	0	0
Restricted cash	0	0	0
TOTAL ASSETS	<u><u>\$10,943,773</u></u>	<u><u>\$4,109,916</u></u>	<u><u>\$1,680,282</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$65,546	\$11,126	\$22,863
Contracts payable	1,082,549	0	213,072
Payroll deductions and withholding and employer matching payable	488,010	0	79,909
Deferred revenue	3,481,666	2,132,846	988,625
TOTAL LIABILITIES	<u><u>5,117,771</u></u>	<u><u>2,143,972</u></u>	<u><u>1,304,469</u></u>
Fund balances:			
Nonspendable:			
Inventory	11,420	0	0
Restricted	0	1,965,944	375,813
Assigned to FY '13 budget	447,235	0	0
Assigned for unemployment	101,429	0	0
Unassigned	5,265,918	0	0
TOTAL FUND BALANCES	<u><u>5,826,002</u></u>	<u><u>1,965,944</u></u>	<u><u>375,813</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$10,943,773</u></u>	<u><u>\$4,109,916</u></u>	<u><u>\$1,680,282</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$762,290	\$10,536,779
202,760	6,412,334
9,503	403,066
0	344,925
0	11,420
594,536	594,536
<u>\$1,569,089</u>	<u>\$18,303,060</u>

\$0	\$99,535
0	1,295,621
	0
0	567,919
212,263	6,815,400
<u>212,263</u>	<u>8,778,475</u>

0	11,420
1,356,826	3,698,583
0	447,235
0	101,429
0	5,265,918
<u>1,356,826</u>	<u>9,524,585</u>
<u>\$1,569,089</u>	<u>\$18,303,060</u>

MEADE SCHOOL DISTRICT NO. 46-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET ASSETS JUNE 30, 2012

Total Fund Balances-Government Funds	\$9,524,585
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,879,912
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Assets such as taxes receivable (delinquent) are not available to pay for current expenditures and therefore are deferred in the funds.	403,066
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Long-term liabilities, including Qualified Zone Academy Bonds, capital outlay certificates payable, early retirement, accrued leave payable, and other post employment benefits payable are not due and payable in the current period and therefore are not reported in the funds.	(23,130,449)
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Assets such as deferred charges are not available to pay for current period expenditures and therefore are not recorded in the funds.	395,218
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Accrued interest payable is not recorded in the funds but is accrued for the statement of net assets.	<u>(266,324)</u>
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Net Assets-Governmental Funds	<u><u>\$22,806,008</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Capital Outlay Fund	Special Education Fund
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$6,130,298	\$3,894,653	\$1,826,596
Prior year's ad valorem taxes	156,968	77,706	35,458
Gross receipts taxes	450,035	0	0
Penalties and interest	40,741	14,701	6,250
Tuition:			
Adult education	8,825	0	0
Earnings on deposits:			
Interest earned	14,574	1,399	488
Cocurricular activities:			
Admissions	33,067	0	0
Other	16,481	0	0
Other revenues from local sources:			
Rentals	20,713	0	0
Contributions	3,750	5,493	0
Medicaid Fees	104,162	0	20,294
Daycare fees	40,984	0	0
Other	48,314	19,448	686
Revenues from Intermediate Sources:			
County Sources:			
County apportionment	492,992	0	0
Revenues from State Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid	5,389,483	0	0
Restricted grants-in-aid	20,222	0	332,493
Revenues from Federal Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid received from federal government through state	120,802	0	0
Unrestricted grants-in-aid received from federal government through an intermediate source	42,471	0	0
Restricted grants-in-aid received from federal government through state	350,389	0	0
Interest rebate	987,638	0	543,169
Total Revenue	<u>\$14,472,909</u>	<u>\$4,013,400</u>	<u>\$2,765,434</u>

The accompanying notes to financial statements are an integral part of this statement.

Piedmont Elem Construction Fund	Other Governmental Funds	Total Governmental Funds
\$0	\$389,415	\$12,240,962
0	7,770	313,360
0	0	450,035
0	1,832	63,524
0	0	8,825
18,474	2,167	37,102
0	0	33,067
0	0	16,481
0	0	20,713
0	0	9,243
0	0	124,456
0	0	40,984
0	0	68,448
0	0	492,992
0	0	5,389,483
0	0	352,715
0	0	120,802
0	0	42,471
0	0	350,389
0	0	1,530,807
<u>\$18,474</u>	<u>\$401,184</u>	<u>\$21,671,401</u>

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Capital Outlay Fund	Special Education Fund
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$3,990,548	\$128,236	\$0
Middle school	1,285,474	70,689	0
High school	2,292,797	167,278	0
Special Programs:			
Programs for special education	0	0	2,248,129
Educationally deprived	605,684	0	0
Support Services:			
Pupils-			
Attendance and social work	33,914	0	26,004
Guidance	391,379	0	0
Health service	53,145	0	97,799
Psychological	0	0	67,542
Speech	0	0	186,439
Student therapy	0	0	104,299
Instructional staff-			
Improvement of instruction	105,436	0	0
Educational media	415,083	0	0
General administration-			
Board of education	85,801	0	0
Executive administration	215,019	0	0
School administration-			
Office of principal	624,909	0	0
Other	166,951	2,673	0
Business-			
Fiscal services	227,501	0	0
Operation and maintenance of plant	1,970,540	0	0
Pupil transportation	816,090	3,778	0
Other	55,671	6,919	0
Special Education:			
Administration costs	0	0	130,880
Transportation costs	0	0	46,809

The accompanying notes to financial statements are an integral part of this statement.

Piedmont Elem Construction Fund	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$4,118,784
0	0	1,356,163
0	0	2,460,075
0	0	2,248,129
0	0	605,684
0	0	59,918
0	0	391,379
0	0	150,944
0	0	67,542
0	0	186,439
0	0	104,299
0	0	105,436
0	0	415,083
0	0	85,801
0	0	215,019
0	0	624,909
0	0	169,624
0	0	227,501
0	0	1,970,540
0	0	819,868
0	0	62,590
0	0	130,880
0	0	46,809

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Capital Outlay Fund	Special Education Fund
Community Services:			
Custody and care of children	\$29,531	\$0	\$0
Non-programmed Charges:			
Early retirement payments	0	0	0
Debt Service	0	1,797,245	0
Cocurricular activities:			
Male activities	105,028	0	0
Female activities	60,608	0	0
Transportation	94,814	0	0
Combined activities	250,427	0	0
Capital outlay	0	862,993	0
	<hr/>	<hr/>	<hr/>
Total Expenditures	13,876,350	3,039,811	2,907,901
	<hr/>	<hr/>	<hr/>
Excess of Revenues over(under)			
Expenditures	596,559	973,589	(142,467)
Other Financing Sources (Uses):			
Transfers-in	0	13,175	0
Transfers-out	0	(2,185,282)	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	596,559	(1,198,518)	(142,467)
FUND BALANCE, July 1, 2011	<hr/>	<hr/>	<hr/>
	5,229,443	3,164,462	518,280
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2012	<u>\$5,826,002</u>	<u>\$1,965,944</u>	<u>\$375,813</u>

The accompanying notes to financial statements are an integral part of this statement.

Piedmont Elem Construction Fund	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$29,531
0	537,369	537,369
0	296,909	2,094,154
0	0	105,028
0	0	60,608
0	0	94,814
0	0	250,427
1,672,727	0	2,535,720
1,672,727	834,278	22,331,067
(1,654,253)	(433,094)	(659,666)
1,545,342	639,940	2,198,457
0	0	(2,185,282)
(108,911)	206,846	(646,491)
108,911	1,149,980	10,171,076
\$0	\$1,356,826	\$9,524,585

MEADE SCHOOL DISTRICT NO. 46-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net Changes in Fund Balances-Total Governmental Funds (\$646,491)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds recognize revenue from property taxes in the period for which the taxes are levied, subject to being available (limited to a maximum 60 day "availability period"), while for the governmental activities, revenue from property taxes is recognized in the period for which the taxes were levied regardless of availability. 68,621

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 2,003,918

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,070,000

Government funds report deferred charges when cash is paid, but the statement of activities includes it as an asset. (42,090)

Governmental funds do not reflect the change in accrued leave, early retirement, or other post employment benefits but the statement of activities reflects these changes through expenditures. 159,744

Some expenses such as accrued interest payable reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 18,514

Change in Net Assets of Governmental Activities \$2,632,216

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
BALANCE SHEET - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	ENTERPRISE FUNDS		
	Food Service Fund	Concession Fund	Total Enterprise Fund
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$154,083	\$56,374	\$210,457
Accounts receivable	3,996	0	3,996
Inventory of supplies	5,516	0	5,516
Inventory of stores purchased for resale	15,289	0	15,289
Inventory of donated food	8,791	0	8,791
Total Current Assets	<u>187,675</u>	<u>56,374</u>	<u>244,049</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and equipment	876,900	0	876,900
Accumulated depreciation	(445,900)	0	(445,900)
Total Noncurrent Assets	<u>431,000</u>	<u>0</u>	<u>431,000</u>
TOTAL ASSETS	<u><u>\$618,675</u></u>	<u><u>\$56,374</u></u>	<u><u>\$675,049</u></u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$2,092	\$624	\$2,716
Contracts payable	600	3,825	4,425
Accrued payroll taxes	6,877	522	7,399
Current portion of accrued leave payable	5,773	0	5,773
Total Current Liabilities	<u>15,342</u>	<u>4,971</u>	<u>20,313</u>
Noncurrent Liabilities:			
Accrued leave payable	<u>5,772</u>	<u>0</u>	<u>5,772</u>
NET ASSETS:			
Invested in capital assets	431,000	0	431,000
Unrestricted net assets	<u>166,561</u>	<u>51,403</u>	<u>217,964</u>
Total Net Assets	<u>597,561</u>	<u>51,403</u>	<u>648,964</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$618,675</u></u>	<u><u>\$56,374</u></u>	<u><u>\$675,049</u></u>

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	ENTERPRISE FUNDS		
	Food Service Fund	Concession Fund	Total Enterprise Fund
Operating Revenue:			
Sales:			
Food and drink	\$584,225	\$45,086	\$629,311
Other	25,878	6,650	32,528
Total Operating Revenue	610,103	51,736	661,839
Operating Expenses:			
Salaries	409,746	16,502	426,248
Employee benefits	126,457	2,390	128,847
Purchased services	32,768	0	32,768
Supplies	42,193	6,053	48,246
Cost of sales-purchased food	477,828	23,818	501,646
Cost of sales-donated food	44,201	0	44,201
Depreciation	22,851	0	22,851
Total Operating Expenses	1,156,044	48,763	1,204,807
Operating Income (Loss)	(545,941)	2,973	(542,968)
Nonoperating Revenue (Expense):			
Local Sources:			
Investment earnings	142	58	200
State Sources:			
Cash reimbursements	7,824	0	7,824
Federal Sources:			
Cash reimbursements	450,993	0	450,993
Donated food	49,013	0	49,013
Total Nonoperating Revenue	507,972	58	508,030
Income (Loss) before Contributions and Transfers	(37,969)	3,031	(34,938)
Capital Contributions	190,223	0	190,223
Transfers-out	0	(13,175)	(13,175)
Change in Net Assets	152,254	(10,144)	142,110
Net Assets-beginning	445,307	61,547	506,854
NET ASSETS-ending	\$597,561	\$51,403	\$648,964

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	ENTERPRISE FUNDS		
	Food Service Fund	Concession Fund	Total Enterprise Fund
Cash Flows from Operating Activities:			
Receipts from customers	\$610,832	\$51,736	\$662,568
Payments to suppliers	(546,384)	(29,330)	(575,714)
Payments to employees	(537,408)	(14,545)	(551,953)
Net Cash Provided (Used) by Operating Activities	(472,960)	7,861	(465,099)
Cash Flows from Noncapital Financing Activities:			
Operating subsidies	458,817	0	458,817
Transfers-out	0	(13,175)	(13,175)
Cash Flows from Investing Activities:			
Interest received	142	58	200
Net Decrease in Cash and Cash Equivalents	<u>(\$14,001)</u>	<u>(\$5,256)</u>	<u>(\$19,257)</u>
Cash and Cash Equivalents at Beginning of Year	\$168,084	\$61,630	\$229,714
Cash and Cash Equivalents at End of Year	<u>154,083</u>	<u>56,374</u>	<u>210,457</u>
Net Decrease in Cash and Cash Equivalents	<u>(\$14,001)</u>	<u>(\$5,256)</u>	<u>(\$19,257)</u>

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

	ENTERPRISE FUNDS		
	Food Service Fund	Concession Fund	Total Enterprise Fund
Operating Income (loss)	(\$545,941)	\$2,973	(\$542,968)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	22,851	0	22,851
Commodities used	44,201	0	44,201
Changes in Assets and Liabilities:			
Receivables	729	0	729
Inventories	6,571	0	6,571
Accounts and other payables	(928)	4,888	3,960
Accrued leave payable	(443)	0	(443)
Net Cash Provided (Used) by Operating Activities	<u>(\$472,960)</u>	<u>\$7,861</u>	<u>(\$465,099)</u>
Noncash Investing, Capital and Financing Activities:			
Value of commodities received	<u>\$49,013</u>	<u>\$0</u>	<u>\$49,013</u>
Equipment donated from Capital Outlay Fund	<u>\$190,223</u>	<u>\$0</u>	<u>\$190,223</u>

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2012

	Private-purpose Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	\$67,067	\$238,732
Total Assets	<u>\$67,067</u>	<u>\$238,732</u>
LIABILITIES:		
Amounts held for others	\$0	\$238,732
NET ASSETS:		
Held in trust for scholarships	67,067	0
Total Liabilities and Net Assets	<u>\$67,067</u>	<u>\$238,732</u>

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR YEAR ENDED JUNE 30, 2012

	<u>Private-purpose Trust Funds</u>
ADDITIONS:	
Contributions	\$2,000
Interest income	<u>633</u>
Total Additions	<u>2,633</u>
DEDUCTIONS:	
Trust deductions for scholarships	<u>4,000</u>
Total Deductions	<u>4,000</u>
Change in Net Assets	(1,367)
Net Assets-beginning	<u>68,434</u>
NET ASSETS-ending	<u><u>\$67,067</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the school district conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Financial Reporting Entity:

The reporting entity of Meade School District No. 46-1 consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The school district participates in a cooperative service unit with eleven other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the district.

b. Basis of Presentation, Basis of Accounting:

Basis of Presentation:

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity, except for fiduciary funds. These statements distinguish between the *governmental and business-type activities*.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental activities generally are financed through taxes, intergovernmental resources, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), an unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the financial reporting entity are described below within their respective fund types:

GOVERNMENTAL FUNDS:

GENERAL FUND - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

SPECIAL REVENUE FUND TYPES - special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Outlay Fund - A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. The fund is financed by property taxes. This is a major fund.

Special Education Fund - A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund - A fund established by SDCL 13-10-6 for the purpose of paying the District's share of retirement plan contributions and for paying early retirement benefits to qualifying employees. The fund is financed by property taxes. This is not a major fund.

DEBT SERVICE FUND TYPES:

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Sinking Funds - three funds established by SDCL 13-16-13 to account for transfers-in from the Capital Outlay Fund to use for the payment of principal to restricted cash accounts and interest on term loans. None is a major fund.

CAPITAL PROJECTS FUND TYPES:

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Piedmont Elementary Construction Fund is the only capital project fund maintained by the School District. This is a major fund. This fund was closed in fiscal year 2012 due to completion of its intended purpose.

PROPRIETARY FUNDS:

Enterprise Funds - enterprise funds are used to accounted for operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Concession Fund - A fund used to record financial transactions related to concession operations. This fund is financed by user charges. This is a major fund.

The business-type activities and proprietary funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

FIDUCIARY FUNDS:

Fiduciary funds are never considered to be major funds.

Private-purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The school district maintains only the following private-purpose trust funds:

Scholarship trusts (four separate trusts established by donors to provide for college scholarships to graduating students).

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations.

The district maintains agency funds for the following purposes:

Class clubs (such as FFA, Seniors, Juniors, student council)

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe 'how' transactions are recorded within the various financial statements. Basis of accounting refers to 'when' revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the 'current financial resources' measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the 'economic resources' measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Meade School District No. 46-1, the length of that cycle is sixty days. The revenues which are accrued at June 30, 2012, are reimbursement grants due from the State of South Dakota.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principle and interest on general long-term debt which are recognized when due.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimized the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the General Fund, so that expenses are reported only in the function to which they relate.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance "nonspendable" account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. They are reported as nonspendable to the extent the proceeds of those receivables are not restricted, committed or assigned. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources".

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in government-wide or fund financial statements.

Government-Wide Statements: All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2012 balance of capital assets for governmental activities includes approximately ten percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals or deflated current replacement cost. The total June 30, 2012 balance of capital assets for business-type activities are all valued at original cost.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	ALL	-	-
Buildings	\$25,000	Straight-line	15-50 yrs
Improvements	\$10,000	Straight-line	15-25 yrs
Machinery and Equipment	\$ 5,000	Straight-line	4-20 yrs

Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f. Long-term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of compensated absences, early retirement benefits, capital outlay certificates payable and Qualified Zone Academy Bonds (QZAB's).

In the fund financial statements, the debt proceeds are reported as revenues (other financing sources) and payment of principal and interest reported as expenditures when it becomes due. The accounting for proprietary fund long-term is on the accrual basis, the same in the fund statement as it is in the government-wide statements.

All interest expense on long-term debt is reported as a separate line on the "Statement of Activities."

g. Program Revenues:

In the Government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for the acquisition of capital assets for use in a particular program.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

i. Cash and Cash Equivalents:

The school district pools its cash resources for depositing and investing purposes. Accordingly, the enterprise fund has access to its cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

j. Equity Classifications:

Government-wide Statements:

Equity is classified as net assets and is displayed in three components

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted: or invested in capital assets, net of related debt.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between nonspendable, restricted, committed, assigned and unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

k. Application of Net Assets:

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Additionally, the School District uses first restricted fund balances, then committed, then assigned and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

l. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies governmental fund balance as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is no spendable in form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of inventory for \$11,420.

The Government does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay	Real estate taxes
Special Education	Real estate taxes and grants

Other Restricted Fund Balances as of 6-30-2012 were:

Pension	\$ 762,290
Debt Service	<u>594,536</u>
Total	<u>\$1,356,826</u>

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (continued):

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - in General, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

No investments were held at June 30, 2012 nor during the year then ended except bank certificates of deposit.

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial risk.

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (continued):

Credit Risk - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer.

State statute allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investment.

Restricted Cash - \$594,536 of cash in the three Sinking Funds is restricted for debt service, as required by the loan covenants.

3. RECEIVABLES AND PAYABLES:

Neither receivables nor accounts payable are aggregated in these financial statements. The District expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been established. Other current liabilities include contracts and benefits payable of \$1,875,364 and accrued interest payable of \$266,324.

4. INVENTORY:

Inventory is stated at the lower of cost or market. The cost valuation method is first-in, first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the Government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

4. INVENTORY (continued):

In the fund financial statements, inventories in the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance "non-spendable" classification which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The proprietary funds also record supplies as an expense when they are consumed.

5. PROPERTY TAXES:

Property taxes are levied on or before each October 1, attached as an enforceable lien on property as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

6. CHANGES IN CAPITAL ASSETS:

A summary of the changes in capital assets for the year ended June 30, 2012 is as follows:

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

6. CHANGES IN CAPITAL ASSETS (continued)

	Balance 7/01/11	<u>Increase</u>	<u>Decrease</u>	Balance 6/30/12
Government Activities:				
Capital Assets				
not being depreciated				
Land	\$ 415,555	\$ -	\$ -	\$ 415,555
Construction				
in progress	9,862,755	2,237,245	12,100,000	-
Total	<u>10,278,310</u>	<u>2,237,245</u>	<u>12,100,000</u>	<u>415,555</u>
Capital Assets				
being depreciated				
Buildings	33,153,425	12,858,454	42,454	45,969,425
Improvements	2,319,332	-	-	2,319,332
Machinery and				
Equipment	1,723,541	104,539	38,135	1,789,945
Total	<u>37,196,298</u>	<u>12,962,993</u>	<u>80,589</u>	<u>50,078,702</u>
Less accumulated				
Depreciation:				
Buildings	12,225,879	880,198	42,454	13,063,623
Improvements	519,589	110,942	-	630,531
Equipment	853,146	105,180	38,135	920,191
Total	<u>13,598,614</u>	<u>1,096,320</u>	<u>80,589</u>	<u>14,614,345</u>
Total capital assets				
being depreciated,				
net:	<u>23,597,684</u>	<u>11,866,673</u>	<u>-</u>	<u>35,464,357</u>
Grand Total	<u>\$33,875,994</u>	<u>\$14,103,918</u>	<u>\$12,100,000</u>	<u>\$35,879,912</u>
Business-type Activities:				
Equipment	\$ 686,677	\$ 190,223	\$ -	\$ 876,900
Accumulated				
Depreciation	<u>(423,049)</u>	<u>(22,851)</u>	<u>-</u>	<u>\$ (445,900)</u>
Net	<u>\$ 263,628</u>	<u>\$ 167,372</u>	<u>\$ -</u>	<u>\$ 431,000</u>

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

6. CHANGES IN CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

Instruction	\$ 657,791
Support Services	372,749
Cocurricular Activities	<u>65,780</u>
	<u>\$1,096,320</u>

7. LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities follows:

Governmental Activities:

	<u>Capital Outlay Certifi- cates</u>	<u>Term Loans</u>	<u>Early Retire- ment</u>	<u>Compen- sated Absences</u>	<u>OPEB</u>	<u>Totals</u>
Liabilities payable, June 30, 2011:						
	\$16,825,000	\$5,850,000	\$410,383	\$459,693	\$ 815,117	\$24,360,193
Additions	-	-	145,454	200,078	173,280	518,812
Deletions <u>(1,070,000)</u>	<u>-</u>	<u>-</u>	<u>(166,485)</u>	<u>(344,770)</u>	<u>(167,301)</u>	<u>(1,748,556)</u>
Debt payable June 30, 2012:						
	<u>\$15,755,000</u>	<u>\$5,850,000</u>	<u>\$389,352</u>	<u>\$315,001</u>	<u>\$ 821,096</u>	<u>\$23,130,449</u>
Due within one year:						
	<u>\$ 1,110,000</u>	<u>\$ -</u>	<u>\$238,475</u>	<u>\$157,501</u>	<u>\$ -</u>	<u>\$ 1,505,976</u>
Business-type Activities:						
Balance, June 30, 2011						
	\$ -	\$ -	\$ -	\$ 11,988	\$ -	\$ 11,988
Additions	-	-	-	5,557	-	5,557

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM LIABILITIES: (continued)

	<u>Capital Outlay Certifi- cates</u>	<u>Term Loans</u>	<u>Early Retire- ment</u>	<u>Compen- sated Absences</u>	<u>OPEB</u>	<u>Totals</u>
Deletions	\$ -	\$ -	\$ -	\$ (6,000)	\$ -	\$ (6,000)
Balance, June 30, 2012						
	\$ -	\$ -	\$ -	\$ 11,545	-	\$ 11,545
Due within one year						
	\$ -	\$ -	\$ -	\$ 5,773	-	\$ 5,773

Debt payable at June 30, 2012 comprised of the following:

Payable from Governmental Activities:

CAPITAL OUTLAY CERTIFICATES:

Series 2005 Refunding Certificates,
interest rates of 3.0% to 4.2% (depending
on length to maturity of the individual
certificate), maturing January 15, 2019,
to be repaid by the Capital Outlay Fund \$ 4,395,000

Series 2007A Capital Outlay Certificates,
interest rates of 4.0% to 4.4% (depending on
length to maturity of the individual
certificate), maturing 01/15/2028.
These are to be repaid by the Capital
Outlay Fund 7,250,000

Series 2010A Certificates, interest rates
of 1.5% to 6% (depending on length to
maturity of the individual certificate),
offset by a 35% "IRS Credit", maturing
01/15/2030. Payment will be from the
Capital Outlay Fund 2,915,000

Series 2010C Certificates, interest rates
of 1.5% to 6% (depending on length to
maturity of the individual certificate),
offset by a 45% "IRS Credit", maturing
01/15/2030. Payment will be from the
Capital Outlay Fund 1,195,000

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM LIABILITIES: (continued)

Total Capital Outlay Certificates \$15,755,000

TERM LOANS:

Qualified Zone Academy Bonds (QZAB's):

Series 2005 Zero interest "Qualified Zone Academy Bonds". The bonds are due in annual sinking fund payments of \$13,819 until 2021. The payments will be made from the Debt Service Fund, via transfers from the Capital Outlay Fund. 250,000

Series 2010B "Qualified School Construction Bonds" due in a lump sum on 06/01/2027. 5.65% interest is payable on a semi-annual basis, offset by a 98.2% "IRS Credit" Semi-annual payments of \$151,515.16 are payable to a sinking fund until 06/01/2027, when the principal balance is due. Sinking fund payments and interest payments will be made from the Debt Service Fund, via transfers from the Capital Outlay Fund. 5,000,000

Qualified Zone Academy Bonds (QZAB's):

Series 2011 Zero interest "Qualified Zone Academy Bonds". The bonds are due in annual sinking fund payments of \$40,000 until 2025. The payments will be made from the Debt Service Fund, via transfers from the Capital Outlay Fund. 600,000

Total Term Loans \$ 5,850,000

Early Retirement:

Early Retirement Incentive is payable to thirty retired teachers, final payment is due in 2016. No interest is paid on this liability. Payment is made from the General Fund or Pension Fund. \$ 389,352

Compensated Absences:

Vacation and sick leave, payable from either the General or Special Education Fund 315,001

Other Post Employment Benefits (OPEB) (see Note 13) 821,096

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM LIABILITIES: (continued)

Total payable from Governmental Activities \$23,130,449

Payable from Business-type Activities:

Vacation and sick leave payable \$ 11,545

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2012 are as follows:

Year	Capital Outlay Certificates		Term Loans		Early Retirement	Total	
Ended June 30,	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2013	\$1,110,000	\$608,857	\$0	\$9,000	\$238,475	\$1,348,475	\$617,857
2014	1,150,000	665,658	0	9,000	122,886	1,272,886	574,658
2015	1,190,000	523,889	0	9,000	26,738	1,216,738	532,889
2016	1,235,000	476,510	0	9,000	1,253	1,236,253	485,510
2017	1,285,000	430,483	0	9,000	0	1,285,000	439,483
2018- 2022	4,375,000	1,494,601	250,000	45,000	0	4,625,000	1,539,601
2023- 2027	3,940,000	733,591	5,600,000	45,000	0	9,540,000	778,591
2028- 2032	1,470,000	78,525	0	0	0	1,470,000	78,525
Total	<u>\$15,755,000</u>	<u>\$4,912,114</u>	<u>\$5,850,000</u>	<u>\$135,000</u>	<u>\$389,352</u>	<u>\$21,994,352</u>	<u>\$5,047,114</u>

8. RESTRICTED NET ASSETS

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	Law	\$2,071,468
Special Education	Law	422,084
Pension	Law	771,793
Debt Service	Loan Covenants	<u>594,536</u>
Total Restricted Net Assets:		<u>\$3,859,881</u>

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

9. RETIREMENT PLAN

All employees, working more than twenty hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, and multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Meade, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also required the employer to make an additional contribution in the amount of 6.2% or any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$640,072, \$661,925 and \$666,922 respectively, equal to the required contributions each year.

10. JOINT VENTURES

The school district participates in the Black Hills Special Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to the member school districts. The members of the co-op and their relative percentage of participation are:

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

10. JOINT VENTURES

Belle Fourche School District	8.33%
Custer School District	8.33%
Douglas School District	8.33%
Edgemont School District	8.33%
Haakon School District	8.33%
Hill City School District	8.33%
Hot Springs School District	8.33%
Lead/Deadwood School District	8.33%
Meade School District	8.33%
Oelrichs School District	8.33%
Rapid City Springs School District	8.33%
Spearfish School District	8.33%
	<u>100.00%</u>

The co-op's governing board is composed of one representative from each member school district who is a school board member. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity in the net assets of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Black Hills Special Services Cooperative, Sturgis, South Dakota.

As of June 30, 2012, this joint venture had a total fund equity of \$4,417,129 and long-term debt of \$153,582.

11. RISK MANAGEMENT

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2012, the school district managed its risks as follows:

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

11. RISK MANAGEMENT (continued)

Employee Health Insurance:

The school district obtains this coverage from a private carrier.

The school district does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have not exceeded the coverage during the past three years.

Unemployment Benefits:

The School has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School has equity in the General Fund in the amount of \$101,429 for the payment of future unemployment benefits.

During the year ended June 30, 2012, one claim was paid for unemployment benefits. At June 30, 2012, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

Liability:

The school district joined the Associated School Boards of South Dakota Property Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota School Districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the School District. The School District pays an annual premium, to provide liability coverage detailed below, under a claims-

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

11. RISK MANAGEMENT (continued)

made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their expose or type of coverage. The school district pays an annual premium to the pool to provide coverage for liability coverage for torts, theft of, or damage to property and errors and omissions of public officials. The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage's will be provided to a \$6,000,000 limit.

Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The School District carries a \$2,000 deductible for the above coverage.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensations Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District is responsible for payment of a premium to the insurance pool along with other pool participants. The School District may also be responsible for additional assessments in the event the pool

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

11. RISK MANAGEMENT (continued)

is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. For the year ended June 30, 2012, the pool's retained risk was \$500,000 per occurrence with additional insurance purchased from a private insurance company for an additional \$500,000 for total coverage of \$1,000,000 per occurrence.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

12. EARLY RETIREMENT PLAN:

Following is a description of the Early Retirement Plan:

Any teacher who has completed ten years of service in Meade 46-1, and has attained or will attain at least the age of 55 as of December 31 of the year of retirement, may receive an early retirement benefit upon permanent severance of employment with the district. The benefit shall consist of the sum of the following:

- a. Thirty-five percent (35%) of the average of the teacher's highest three (3) contracted salaries, exclusive of extra duty pay, shall be paid in thirty six (36) equal monthly installments beginning in the July that follows retirement.
- b. A lump sum payment of (35%) of the average of the teacher's highest three (3) contracted salaries, exclusive of any duty pay. The teacher may elect to receive this sum in one payment on July 1 of the year of retirement or one-third on each subsequent July 1 until paid in full.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

12. EARLY RETIREMENT PLAN (continued):

- c. The maximum allowable benefit as defined in a and b of section shall not exceed \$30,000.

The termination benefit liability reported as \$389,352 (see Note 7) is measured at the actual dollar amount of contracted future benefits. The assumptions used to determine this amount is that the exact amount agreed upon between the retiring employee and the School District is the amount which will be paid.

13. OTHER POST EMPLOYMENT BENEFITS:

Plan Description:

The Meade School District's (the District) Post-employment Health Care Plan is a single-employer defined benefit healthcare plan which provides medical benefits to eligible retirees and their spouses. The Plan is authorized by SDCL 6-1-16 and is administered by the District. The Plan does not issue a stand-alone financial report.

Funding Policy:

The contributions of plan members and the District are established by District policy. The required contribution is based on projected "pay-as-you-go" financing requirements, with an additional amount to pre-fund benefits as determined annually by the District. For 2012, the required contribution to the Plan was \$173,280.

Annual OPEB cost and Net OPEB Obligation:

The District's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability over a period not to exceed thirty years.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

13. OTHER POST EMPLOYMENT BENEFITS (continued):

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan.

Annual required contribution	\$173,280
Interest on net OPEB obligation	21,103
Adjustment to ARC	<u>(30,511)</u>
Annual OPEB Cost	163,872
Contribution made	<u>159,893</u>
Increase in net OPEB obligation	3,979
Net OPEB Obligation, Beginning of year	<u>817,117</u>
Net OPEB Obligation, End of year	<u>\$821,096</u>

For fiscal year 2012, the annual OPEB cost was \$163,872, of which the "pay-as-you-go" cost was 43.9% for \$72,104.

Funded Status:

The Plan is on a "pay-as-you-go" basis, therefore it is not funded as of June 30, 2012.

Actuarial Assumptions:

The June 30, 2011 actuarial valuation was compiled using the "unit credit" actuarial cost method. The assumptions included a 4% rate of return (net of administrative expenses) and an annual health-care cost trend of 9.3% initially, grading to 4.7% over 13 years. The amortization period of the unfunded liability is 30 years.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

13. OTHER POST EMPLOYMENT BENEFITS (continued):

The following table shows the District's status and funding progress of the plan:

Status and Funding Progress	Valuation Date	
	June 30, 2009	June 30, 2011
Actuarial Accrued Liability	\$1,909,893	\$1,285,969
Actuarial Value of Plan Assets	-	-
Actuarial Accrued Liability ((AAL)	1,909,893	1,285,969
Ratio	0.0%	0.0%
Payroll (active plan members)	2,883,402	10,121,719
Percentage of Covered Payroll	66.2%	12.7%

14. INDIVIDUAL FUND INTERFUND TRANSFER:

Transfer for fiscal 2012 were as follows:

	In	Out
Debt Service Funds:		
Sinking Fund - QZAB	\$ 13,819	\$ -
Sinking Fund - QSCB	586,121	-
Sinking Fund - QZAB	40,000	+
Special Revenue Funds:		
Capital Outlay Fund	13,175	639,940
Enterprise Fund:		
Concession Fund	-	13,175
	<u>\$ 653,115</u>	<u>\$ 653,115</u>

The reason for the fiscal 2012 transfers was to make the annual contribution to the Sinking Fund as required by the loan agreements and to fund the Capital Outlay Fund.

The Capital Outlay fund also contributed \$190,223 of equipment to the Food Service Fund in fiscal 2012.

MEADE SCHOOL DISTRICT NO. 46-1
REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$6,144,588	\$6,144,588	\$6,130,298
Prior year's ad valorem taxes	120,000	120,000	156,968
Gross receipts taxes	436,120	436,120	450,035
Penalties and interest	25,000	25,000	40,741
Tuition and fees:			
Adult continuing education	15,200	15,200	8,825
Earnings on deposits:			
Interest earned	16,000	16,000	14,574
Cocurricular activities:			
Admissions	53,000	53,000	33,067
Other	25,700	25,700	16,481
Other revenues from local sources:			
Interest rebate	380,903	380,903	350,389
Contributions	0	0	3,750
Rentals	5,258	5,258	20,713
Medicaid fees	100,000	100,000	104,162
Daycare fees	25,000	25,000	40,984
Other	36,000	36,000	48,314
Revenues from Intermediate Sources:			
County Sources:			
County apportionment	514,000	514,000	492,992
Revenues from State Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid	5,168,817	5,168,817	5,389,483
Restricted grants-in-aid	31,400	31,400	20,222
Revenues from Federal Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid received from federal government through state	76,266	76,266	120,802
Unrestricted grants-in-aid received from federal government through an intermediate source	72,100	72,100	42,471
Restricted grants-in-aid received from federal government through state	927,750	983,422	987,638
Total Revenue	\$14,173,102	\$14,228,774	\$14,472,909

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance
with Final
Budget

(\$14,290)

36,968

13,915

15,741

(6,375)

(1,426)

(19,933)

(9,219)

(30,514)

3,750

15,455

4,162

15,984

12,314

(21,008)

220,666

(1,178)

44,536

(29,629)

4,216

\$244,135

MEADE SCHOOL DISTRICT NO. 46-1
REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$4,091,029	\$4,091,029	\$3,990,548
Middle school	1,400,463	1,400,463	1,285,474
High school	2,417,028	2,417,028	2,292,797
Special Programs:			
Educationally deprived	580,109	580,109	605,684
Adult Continuing Education Program:			
Adult basic education	13,626	13,626	0
Support Services:			
Pupils-			
Attendance and social work	39,300	39,300	33,914
Guidance	408,133	408,133	391,379
Health service	50,941	50,941	53,145
Instructional staff-			
Improvement of instruction	123,244	123,244	105,436
Educational media	430,098	430,098	415,083
General administration-			
Board of education	63,428	63,428	85,801
Executive administration	217,815	217,815	215,019
School administration-			
Office of principal	642,657	642,657	624,909
Other	169,471	169,471	166,951
Business-			
Fiscal services	235,439	235,439	227,501
Operation and maintenance			
of plant	2,286,917	2,286,917	1,970,540
Pupil transportation	726,983	726,983	816,090
Other	0	55,672	55,671
Community Services:			
Custody and care of children	31,422	31,422	29,531

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance
with Final
Budget

\$100,481

114,989

124,231

(25,575)

13,626

5,386

16,754

(2,204)

17,808

15,015

(22,373)

2,796

17,748

2,520

7,938

316,377

(89,107)

1

1,891

MEADE SCHOOL DISTRICT NO. 46-1
REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Cocurricular activities:			
Male activities	\$112,015	\$114,070	\$105,028
Female activities	66,587	68,381	60,608
Transportation	103,090	103,090	94,814
Combined activities	271,507	273,951	250,427
Total Expenditures	14,481,302	14,543,267	13,876,350
Net change in Fund Balances	(308,200)	(314,493)	596,559
FUND BALANCE, JULY 1, 2011	5,229,443	5,229,443	5,229,443
FUND BALANCE, JUNE 30, 2012	\$4,921,243	\$4,914,950	\$5,826,002

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance
with Final
Budget

\$9,042

7,773

8,276

23,524

666,917

911,052

0

\$911,052

MEADE SCHOOL DISTRICT NO. 46-1
REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$3,918,870	\$3,918,870	\$3,894,653
Prior year's ad valorem taxes	80,000	80,000	77,706
Penalties and interest	15,500	15,500	14,701
Earnings on deposits:			
Interest earned	4,000	4,000	1,399
Contributions	0	0	5,493
Other	0	0	19,448
Total Revenue	4,018,370	4,018,370	4,013,400
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	151,000	152,350	128,236
Middle school	73,450	72,100	70,689
High school	211,905	211,905	180,351
Support Services:			
Instructional staff-			
Educational media	129,450	129,450	91,945
School administration-			
Office of principal	5,000	5,000	0
Other	7,000	7,000	2,673
Business-			
Fiscal services	21,750	21,750	24,439
Facilities construction	390,732	530,106	377,575
Operation and maintenance			
of plant	398,800	398,800	324,811
Pupil transportation	112,463	117,614	3,778
Other	27,320	27,320	6,919
Debt services	1,798,741	1,798,741	1,797,245

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance
with Final
Budget

(\$24,217)
(2,294)
(799)

(2,601)
5,493
19,448

(4,970)

24,114
1,411
31,554

37,505

5,000
4,327

(2,689)
152,531

73,989
113,836
20,401
1,496

MEADE SCHOOL DISTRICT NO. 46-1
REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Cocurricular activities:			
Transportation	\$20,000	\$20,000	\$0
Combined activities	31,410	31,410	31,150
Total Expenditures	3,379,021	3,523,546	3,039,811
Excess of Revenues			
over (under) Expenditures	639,349	494,824	973,589
Other Financing (Uses):			
Proceeds of long-term debt	0	0	13,175
Transfers - out	(639,349)	(2,185,168)	(2,185,282)
Net Change in fund balance	0	(1,690,344)	(1,198,518)
FUND BALANCE,			
JULY 1, 2011	3,164,462	3,164,462	3,164,462
FUND BALANCE,			
JUNE 30, 2012	\$3,164,462	\$1,474,118	\$1,965,944

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance
with Final
Budget

\$20,000
260

483,735

478,765

13,175
(114)

491,826

0

\$491,826

MEADE SCHOOL DISTRICT NO. 46-1
REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-
SPECIAL EDUCATION FUND FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$1,829,510	\$1,829,510	\$1,826,596
Prior year's ad valorem taxes	36,000	36,000	35,458
Penalties and interest	10,000	10,000	6,250
Earnings on deposits:			
Interest earned	1,000	1,000	488
Other local revenue:			
Medicaid fees	40,000	40,000	20,294
Other	1,300	1,300	686
Revenues from State Sources:			
Grants-in-aid			
Restricted grants-in-aid	360,225	360,225	332,493
Revenues from Federal Sources:			
Grants-in-aid:			
Restricted grants-in-aid received from federal government through state	536,849	536,849	543,169
Total Revenue	<u>2,814,884</u>	<u>2,814,884</u>	<u>2,765,434</u>
Expenditures:			
Instruction:			
Special Programs:			
Programs for special education	2,336,907	2,336,907	2,248,129
Support Services:			
Pupils-			
Attendance social work	31,011	31,011	26,004
Health service	100,472	100,472	97,799
Psychological	68,986	68,986	67,542
Speech	186,305	186,305	186,439
Student therapy	115,675	115,675	104,299
Special Education:			
Administration costs	135,204	135,204	130,880
Transportation costs	48,000	48,000	46,809
Total Expenditures	<u>3,022,560</u>	<u>3,022,560</u>	<u>2,907,901</u>
Excess of Revenues over(under) Expenditures	(207,676)	(207,676)	(142,467)
FUND BALANCE, JULY 1, 2011	<u>518,280</u>	<u>518,280</u>	<u>518,280</u>
FUND BALANCE, JUNE 30, 2012	<u><u>\$310,604</u></u>	<u><u>\$310,604</u></u>	<u><u>\$375,813</u></u>

The notes to required supplemental information are an integral part of this schedule.

Variance
with Final
Budget

(\$2,914)

(542)

(3,750)

(512)

(19,706)

(614)

(27,732)

6,320

(49,450)

88,778

5,007

2,673

1,444

(134)

11,376

4,324

1,191

114,659

65,209

0

\$65,209

MEADE SCHOOL DISTRICT No. 46-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

1. Budgets and Budgetary Accounting:

The school district followed these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to the first regular board meeting in May of each year the board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May each year.
3. The proposed budget is published for public review no later than July 15 of each year.
4. Public hearings are held to solicit taxpayers input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total and may be transferred by resolution of the board to any other budget category that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

MEADE SCHOOL DISTRICT No. 46-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

9. Unexpected appropriation lapse at year-end unless encumbered by resolution of the school board. No encumbrances were outstanding at year-end.
10. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
11. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that capital outlays are reported separately from current expenditures in the GAAP Statements, but are reported in the respective budgetary category to which they relate in the budgetary statements.

MEADE SCHOOL DISTRICT NO. 46-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

	Federal CFDA Number	Pass- through Grantor's Number	Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Pass-through the S. D. Department of Education:			
Child Nutrition Cluster (Note 2 & 3):			
Non cash assistance / Commodities	10.555	460010	\$44,201
School Breakfast Program	10.553	460010	78,877
National School Lunch Program	10.555	460010	372,116
Cluster Total:			495,194
Fruits and Vegetables	10.582		55,645
Pass-through Meade County:			
Schools and Roads - Grants to			
States (National Forest)	10.665	N/A	42,471
TOTAL U. S. DEPARTMENT OF AGRICULTURE			\$593,310
U. S. DEPARTMENT OF THE INTERIOR:			
Pass-through the S. D. Department of Education:			
Distribution of receipts to State and			
Local Governments (Note 1)	15.227	N/A	120,802
U. S. DEPARTMENT OF EDUCATION:			
Pass-through the S. D. Department of Education:			
Title I Cluster (Note 3)			
Grants to Local Education Agencies	84.010	TI-12-101	699,959
Vocational Education - Basic			
Grants to States	84.048	N/A	31,810
Special Education-			
Grants for Infants and Families with Disabilities	84.181	N/A	1,303
Improving Teacher Quality State Grants	84.367	T2A-12-101	234,048
Special Education Cluster (Notes 1 & 3):			
Special Education - Grants to States	84.027	N/A	518,236
Special Education- Preschool Grants	84.173	N/A	15,880
Cluster Total			534,116
Education Jobs Fund (Note 3)	84.410	N/A	6,055
TOTAL U. S. DEPARTMENT OF EDUCATION			\$ 1,507,291.00
GRAND TOTAL			\$2,221,403

MEADE SCHOOL DISTRICT NO. 46-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

- NOTE 1: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.
- NOTE 2: These amounts reflect cash received. Federal reimbursements are based on approved rates for services provided rather than reimbursements for specific expenditures.
- NOTE 3: This grant was treated as a major program.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

MEADE SCHOOL DISTRICT No. 46-1
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS

- a. An unqualified opinion was issued on the financial statements of each opinion unit.
- b. A material weakness was disclosed by the audit and is reported in Section 2, Finding Number 2012-01.
- c. No instances of noncompliance were noted by the audit.
- d. A material weakness in internal control over major programs was noted. It is reported below in Section 3, Finding Number 2012-02.
- e. An unqualified report was issued on compliance for major programs.
- f. Audit findings required to be reported under Section .510 (a) of OMB Circular A-133 are listed below as Findings Number 2012-01 and 2012-02.
- g. Programs treated as major programs for this audit were:

<u>Name</u>	<u>CFDA Number</u>
Child Nutrition Cluster:	
Commodities	10.555
School Breakfast Program	10.553
National School Lunch Program	10.555
Title I Program - LEAs	84.010
Special Education Cluster:	
Special Education - State Grants	84.027
Special Education - Preschool Grants	84.173
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The entity was not qualified as a low risk auditee as described in Section .530 of OMB Circular A-133.

MEADE SCHOOL DISTRICT No. 46-1
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

2. FINANCIAL STATEMENT FINDINGS

FINDING NUMBER 2012-01

A significant deficiency and material weakness is present due to a lack of segregation of duties in revenue, expenditure and payroll functions.

CRITERIA: To obtain adequate internal control, the duties of collecting and handling of cash must be segregated from the recording of cash transactions. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process. Various other accounting functions should be performed by different people to insure a proper segregation of duties.

POSSIBLE ASSERTED EFFECT: Inaccurate financial statements and/or misappropriation of funds could result from a lack of segregation of duties.

RECOMMENDATION: Management should remain aware of this situation and attempt to provide compensating controls wherever and whenever possible and practical.

SCHOOL DISTRICT RESPONSE AND CORRECTIVE ACTION PLAN: The School Board and Superintendent agree with this finding and are responsible for the corrective action plan. This comment is a result of the size of the Meade School District No. 46-1 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Meade School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenue, expenditures and payroll. Meade School District is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding the revenues, expenditures, and payroll functions continues to exist.

MEADE SCHOOL DISTRICT No. 46-1
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING NUMBER 2012-02

A material weakness in internal control over federal programs exists due to a lack of segregation of duties. See Finding Number 2012-01 above for further explanation.

Major Federal Programs affected: See 1g above. All programs treated as majors were affected.

Compliance requirements affected: Allowable costs/cost principles.

POSSIBLE ASSERTED EFFECT: Inaccurate financial statements and/or misappropriation of funds could result from a lack of segregation of duties.

RECOMMENDATION: Management should remain aware of this situation and attempt to provide compensating controls wherever and whenever possible and practical.

SCHOOL DISTRICT RESPONSE AND CORRECTIVE ACTION PLAN: The School Board and Superintendent agree with this finding and are responsible for the corrective action plan. This comment is a result of the size of the Meade School District No 46-1 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Meade School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenue, expenditures and payroll. Meade School District is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding the revenues, expenditures and payroll continues to exist.

MEADE SCHOOL DISTRICT No. 46-1
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012

Prior Audit Findings relative to Financial Statement Audit:

FINDING NO. 2011-01 and 2010-01

A material weakness was reported due to a lack of segregation of duties. This finding was first noted by the present auditor in 1992.

Status as of June 30, 2012:

The condition noted in prior audits is still applicable.

Prior Audit Findings relative to Federal Awards:

FINDING NO. 2011-02 and 2010-02

A material weakness was reported due to a lack of segregation of duties. This finding was first noted by the present auditor in 1992.

Status as of June 30, 2012: The condition noted in prior audits is still applicable.